RECORD AND BRIEFS

No. 14-1538

Supreme Court, U.S.
FILED
SEP - 7 2016
OFFICE OF THE CLERK

IN THE

Supreme Court of the United States

LIFE TECHNOLOGIES CORPORATION, *et al.*,

Petitioners,

v.

PROMEGA CORPORATION,

Respondent.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF FOR INTELLECTUAL PROPERTY OWNERS ASSOCIATION AS *AMICUS CURIAE* IN SUPPORT OF NEITHER PARTY

Of counsel:

KEVIN H. RHODES,
President
STEVEN W. MILLER,
Chair, Amicus Brief Committee
INTELLECTUAL PROPERTY OWNERS ASSOCIATION
1501 M Street, NW, Suite 1150
Washington, DC 20005
(202) 507-4500

PAUL H. BERGHOFF
Counsel of Record
MICHAEL D. ANDERSON
MCDONNELL BOEHNEN HULBERT & BERGHOFF LLP
300 South Wacker Drive
Chicago, Illinois 60606
(312) 913-0001
berghoff@mbhb.com

Counsel for Amicus Curiae

266949

TABLE OF CONTENTS

Page

TABLE OF CONTENTS..... i

TABLE OF CITED AUTHORITIES ii

INTEREST OF *AMICUS CURIAE* 1

SUMMARY OF THE ARGUMENT.....2

ARGUMENT.....4

I. Section 271(f)(1) plays an important role in the enforcement of valid U.S. patent rights.....4

II. Section 271(f)(1) is narrowly tailored to prevent the intentional circumvention of U.S. patent rights.....5

III. An interpretation of section 271(f)(1) that requires the supply of at least two components from the U.S. as a matter of law would lead to illogical results.....6

IV. IPO believes that the interpretation of "a substantial portion of the components of the patented invention" should take into account the relative *importance* of the component(s) to the patented invention.....7

CONCLUSION 9

APPENDIX.....1a

TABLE OF CITED AUTHORITIES

Page

CASES

Deepsouth v. Laitram,
406 U.S. 518 (1972) 4, 5, 8

Liquid Dynamics v. Vaughan,
449 F.3d 1209 (Fed. Cir. 2006) 5

Promega Corp. v. Life Techns. Corp.,
773 F.3d 1338 (Fed. Cir. 2014) 2, 9

STATUTES

35 U.S.C. § 271(f)(1) ..... *passim*

INTEREST OF *AMICUS CURIAE*

Amicus curiae Intellectual Property Owners Association (IPO) is a trade association representing companies and individuals in all industries and fields of technology who own or are interested in intellectual property rights.[1] IPO's membership includes about 200 companies and over 12,000 individuals who are involved in the association either through their companies or as inventor, author, executive, law firm, or attorney members. Founded in 1972, IPO represents the interests of all owners of intellectual property. IPO regularly represents the interests of its members before Congress and the U.S. Patent and Trademark Office and has filed *amicus curiae* briefs in this Court and other courts on significant issues of intellectual property law. The filing of this brief was approved by the IPO Board of Directors. A list of the IPO board members can be found in the Appendix.[2]

IPO favors a robust patent system that rewards innovators with strong and enforceable patent protection for their inventions. An essential part of a robust patent system is ensuring that infringers cannot take the value of an invention without appropriate compensation to the owners of the patent. The statute at issue in this case

---

1. No counsel for a party authored this brief in whole or in part, and no such counsel or party made a monetary contribution intended to fund the preparation or submission of this brief. No person other than the *amicus curiae* or its counsel made a monetary contribution to its preparation or submission. The parties have consented to the filing of this brief.

2. IPO procedures require approval of positions in briefs by a two-thirds majority of directors present and voting.

was enacted by Congress to plug a serious loophole in the meaningful enforcement of valid U.S. patent rights. The continued closure of this loophole plays an important role in maintaining the enforceability of valid U.S. patent rights. For that reason, IPO submits this brief in support of the Federal Circuit's interpretation of 35 U.S.C. § 271(f)(1).

SUMMARY OF THE ARGUMENT

Under 35 U.S.C. § 271(f)(1), "[w]hoever without authority supplies or causes to be supplied in or from the United States all or a substantial portion of the components of a patented invention, where such components are uncombined in whole or in part, in such manner as to actively induce the combination of such components outside of the United States in a manner that would infringe the patent if such combination occurred within the United States, shall be liable as an infringer." At issue in this case is whether the export of a single component of a patented invention can ever form "a substantial portion of the components of a patented invention" under the statute. In *Promega Corp. v. Life Techns. Corp.*, the Federal Circuit held that, under appropriate circumstances, an accused infringer can be liable for infringement under § 271(f)(1) for supplying (or causing to be supplied) a single component of an invention for combination outside the United States. 773 F.3d 1338, 1353 (Fed. Cir. 2014).

IPO respectfully asks this Court to ratify the Federal Circuit's interpretation of 35 U.S.C. § 271(f)(1) that a single component is not barred as a matter of law from constituting "a substantial portion of the components of a patented invention." Specifically, IPO believes that the

interpretation of "a substantial portion of the components of the patented invention" in the statute should take into account the relative *importance* to the patented invention of the components supplied from the U.S., in addition to the numerical proportion of components provided.[3] In short, the significance to the invention of the component(s) supplied from the U.S. should matter, not just the number of components.

Section 271(f)(1) was passed by Congress to fill a gap in the enforceability of valid U.S. patent rights. Before Section 271(f)(1), an infringer could evade infringement by exporting some or all of the components of the invention and forming the patented combination outside the U.S. Congress crafted section 271(f)(1) to prevent this intentional circumvention of U.S. patent rights while balancing the extraterritorial effect of the statute.

IPO believes the interpretation of section 271(f)(1) proposed by the district court, i.e., requiring the supply of at least two components from the U.S. as a matter of law, is inconsistent with the language of the statute and would lead to illogical results. Under the district court's interpretation, exporting three minor components of a four-component invention would likely infringe, while supplying the single most important component could not. This interpretation would effectively reopen the loophole that Congress intentionally closed with the passage of section 271(f)(1).

Accordingly, IPO believes that, under the appropriate factual circumstances, an accused infringer could be liable

---

3. IPO files its amicus brief in support of neither party and takes no position concerning the particular facts of this case.

under § 271(f)(1) for supplying or causing to be supplied from the U.S. a single component of a patented invention that is combined into the infringing combination outside the United States.

ARGUMENT

I. Section 271(f)(1) plays an important role in the enforcement of valid U.S. patent rights.

Congress passed section 271(f)(1) to close the "loophole" created by this Court's decision in *Deepsouth v. Laitram*. 406 U.S. 518 (1972). Section 271(f)(1) prevents third parties from avoiding infringement of a valid U.S. patent by shipping some or all of the components of a multi-component invention from the U.S. to another country and then actively inducing the assembly of those components into the claimed invention.

In *Deepsouth*, the defendant shipped all of the components of the invention from the U.S. and had them assembled abroad knowing full well that the assembled combination infringed the plaintiff's patent. This Court held, however, that assembly outside of the U.S. avoided all liability for infringement. The decision in *Deepsouth* created a clear path for U.S.-based companies to reap the benefits of another's patented invention in the form of offshore sales without compensation or consequence.

Congress enacted section 271(f)(1) to close the enforcement gap created by the *Deepsouth* decision. Congress decided that a company should not be able to avoid infringement by moving its final manufacturing step abroad while supplying components from the U.S.

In closing this loophole, Congress intentionally made the statute broader than the factual situation presented in *Deepsouth*. Unlike in *Deepsouth*, where all of the components were exported from the U.S. to be combined abroad, Congress more broadly prohibited the supply in or from the United States of "all *or a substantial portion* of the components of a patented invention." (emphasis added).

II. Section 271(f)(1) is narrowly tailored to prevent the intentional circumvention of U.S. patent rights.

As enacted by Congress, section 271(f)(1) provides a narrowly tailored cause of action by which a patentee can enforce its U.S. patent rights based on actions in the U.S. that result in the knowing and active inducement of infringement abroad. Active inducement under section 271(f)(1) requires knowledge of the patent and knowledge of the infringing nature of the combined components, thus avoiding the imposition of liability on innocent exporters of components. *See Liquid Dynamics v. Vaughan*, 449 F.3d 1209, 1222 (Fed. Cir. 2006). In addition, section 271(f)(1) requires the supply of component(s) from the U.S., a requirement that excludes from liability manufacturing that takes place entirely outside of the United States. This careful balancing by Congress requiring both intentional infringement and substantial U.S. actions resulted in the limited and appropriate extraterritorial enforcement of U.S. patent rights set forth in the statute.

III. An interpretation of section 271(f)(1) that requires the supply of at least two components from the U.S. as a matter of law would lead to illogical results.

Under the interpretation of the statute proposed by the district court, the supply of two trivial components of a three-component invention could infringe, while the supply of the most important component of a two-component invention could never infringe. IPO believes that this bright-line emphasis on the number of components would produce anomalous results and would largely reopen the *Deepsouth* loophole.

As one example, a claim to a pharmaceutical composition comprising the active pharmaceutical ingredient (API) mixed with water and salt could never be infringed by someone who shipped only the API out of the U.S., even though that person actively induced combining the API into the claimed composition knowing that it would infringe the patent. Under an overly rigid construction of section 271(f)(1), exporting only one component, no matter the importance of that component, is a complete defense as a matter of law.

Conversely, if that same person shipped salt and water from the U.S. to a foreign country where it was combined with the active ingredient, liability under section 271(f)(1) could attach because two of the three claimed components were exported from the U.S. IPO believes that there is no basis to hold that exporting two minor components could be infringing, while exporting one major component could never be.

In similar fashion, consider a patent claim directed to a chemical composition that requires at least 95% of Component A and no more than 2% each of Components B, C, and D. A rigid construction of the statute could result in liability for someone exporting the three minor components (75% of the components) while exporting the major component alone never could.

As a final example, a patented hearing aid might require several standard components, such as a housing, speaker, and microphone, in addition to a novel microprocessor that processes incoming sounds in an innovative way. If the standard components, the housing, speaker, and microphone were sourced internationally and the most important component (the novel microprocessor) were supplied from the United States, there could be no infringement under a statutory construction focused solely on numbers. IPO believes that such an inflexible reliance on numbers alone is not appropriate and would have a negative effect on the value and enforceability of U.S. patent rights.

IV. IPO believes that the interpretation of "a substantial portion of the components of the patented invention" should take into account the relative *importance* of the component(s) to the patented invention.

Rather than focusing solely on the number of components supplied from the U.S., IPO believes the interpretation of "a substantial portion of the components of the patented invention" in the statute should take into account the relative importance to the patented invention of the components supplied from the U.S.,

in addition to the numerical proportion of components provided. Accordingly, IPO believes that the analysis of whether the component or components supplied by an accused infringer constitutes "a substantial portion of the components of the patented invention" should be based on a case-specific analysis that focuses on more than just the number of components shipped abroad. This common sense approach is consistent with the language of the statute and the legislative history addressing *Deepsouth.*

In addition, by using a case-specific analysis that focuses on more than just the number of components shipped abroad, the law would prevent infringers from avoiding infringement through gamesmanship. Under the district court's construction of the statute, an unscrupulous company could combine most of the components of a patented invention into a single "component" prior to shipment outside the U.S. for final assembly abroad. Using the example of the chemical composition that requires at least 95% of Component A and no more than 2% each of Components B, C, and D, a manufacturer could attempt to avoid liability by combining Components B, C, and D in the U.S. into a single Component E for export. If the number of components exported were all that mattered, this strategy would provide willful infringers with a readymade roadmap to avoid infringement liability in the United States. IPO believes that this would have a direct and negative effect on the strength of U.S. patent rights and reduce the ability of owners of valid U.S. patents to prevent misappropriation of their inventions. Congress acted wisely in plugging the enforcement loophole exposed by *Deepsouth.* IPO respectfully requests that this Court not undo Congress's efforts in this regard.

CONCLUSION

IPO believes that the Federal Circuit's interpretation of § 271(f)(1) in *Promega* is correct, i.e., that an accused infringer should not be shielded from liability as a matter of law for supplying or causing to be supplied a single component of a patented combination that is combined outside the United States. IPO also believes that the interpretation of "a substantial portion of the components of the patented invention" should be based on a case-by-case analysis that takes into account the relative importance to the patented invention the component(s) supplied from the U.S. provide, in addition to their numerical proportion.

Respectfully submitted,

Of counsel:

KEVIN H. RHODES,
President
STEVEN W. MILLER,
Chair, Amicus Brief Committee
INTELLECTUAL PROPERTY OWNERS ASSOCIATION
1501 M Street, NW, Suite 1150
Washington, DC 20005
(202) 507-4500

PAUL H. BERGHOFF
Counsel of Record
MICHAEL D. ANDERSON
MCDONNELL BOEHNEN HULBERT & BERGHOFF LLP
300 South Wacker Drive
Chicago, Illinois 60606
(312) 913-0001
berghoff@mbhb.com

Counsel for Amicus Curiae

APPENDIX

APPENDIX[1] — MEMBERS OF THE BOARD OF DIRECTORS INTELLECTUAL PROPERTY OWNERS ASSOCIATION

Steven Arnold
Micron Technology, Inc.

Stephen W. Bauer
Medtronic, Inc.

Edward Blocker
Koninklijke Philips N.V.

Amelia Buharin
Intellectual Ventures, LLC

Tina M. Chappell
Intel Corp.

Karen Cochran
Shell International B.V.

John D. Conway
Sanofi

William J. Coughlin
Ford Global Technologies LLC

Anthony DiBartolomeo
SAP AG

Daniel Enebo
Cargill, Inc.

Barbara A. Fisher
Lockheed Martin

Louis Foreman
Enventys

Scott M. Frank
AT&T

Darryl P. Frickey
Dow Chemical Co.

Gary C. Ganzi
Evoqua Water Technologies, LLC

Krish Gupta
EMC Corporation

Henry Hadad
Bristol-Myers Squibb Co.

Heath Hoglund
Dolby Laboratories

---

1 IPO procedures require approval of positions in briefs by a two-thirds majority of directors present and voting.

Appendix

Carl B. Horton
General Electric Co.

Philip S. Johnson
Johnson & Johnson

Thomas R. Kingsbury
Bridgestone Americas, Inc.

Charles M. Kinzig
GlaxoSmithKline

William Krovatin
Merck & Co., Inc.

Dan Lang
Cisco Systems, Inc.

Mark W. Lauroesch
Intellectual Property Owners Association

Allen Lo
Google Inc.

Timothy Loomis
Qualcomm, Inc.

Thomas P. McBride
Monsanto Co.

Elizabeth McCarthy
Avaya, Inc.

Todd Messal
Boston Scientific Co.

Steven W. Miller
Procter & Gamble Co.

Micky Minhas
Microsoft Corp.

Rimma Mitelman
Unilever

Douglas K. Norman
Eli Lilly and Co.

Richard F. Phillips
Exxon Mobil Corp.

Dana Rao
Adobe Systems Inc.

Kevin H. Rhodes
3M Innovative Properties Co.

Curtis Rose
Hewlett-Packard Enterprise

Matthew Sarboraria
Oracle USA Inc.

Manny Schecter
IBM Corp.

Appendix

Steven J. Shapiro
Pitney Bowes Inc.

Jessica Sinnott
DuPont

Dennis C. Skarvan
Caterpillar Inc.

Daniel J. Staudt
Siemens Corp.

Brian Suffredini
United Technologies Corp.

James J. Trussell
BP America, Inc.

Roy Waldron
Pfizer, Inc.

BJ Watrous
Apple Inc.

Stuart L. Watt
Amgen, Inc.

Steven Wildfeuer
RELX Group

Michael Young
Roche, Inc.